

## SEMINOLE COUNTY GOVERNMENT AGENDA MEMORANDUM

**SUBJECT:** Update of Phase I and II to RFP600106-06/TLR Finance and Development Services for the Five Points Government Center by Stainback Public Private Real Estate (SPPRE)

**DEPARTMENT:** Administrative Services

**DIVISION:** Support Services

**AUTHORIZED BY:** Frank Raymond

**CONTACT:** Meloney Lung

**EXT:** 5256

**MOTION/RECOMMENDATION:**

The Consultant, Stainback Public Private Real Estate (SPPRE), is providing an update to the Board on Phases I and II to RFP600106-06/TLR Finance and Development Services for the Five Points Government Center. Staff is requesting comments on the presentation of Phases I and II and further direction on the remaining phases (III through VI).

County-wide

Meloney Lung

**BACKGROUND:**

The Board County Commissioners (BCC) directed staff to develop a scope of services which would allow for the design of a strategic public/private real estate development and financial plan for the Five Points Government Center that optimizes and leverages County owned real estate, non-tax income and tax revenue generated by potential commercial development and/or the disposition/reuse of County owned real estate assets.

On March 13, 2007, the BCC approved the award of RFP-600106-06 Finance and Development Adviser - Five Points Government Center to Stainback Public Private Real Estate (SPPRE). The primary objective of this contract is to construct a financial strategy that will enable the ultimate development of the Five Points Government Center while maintaining a feasible funding level and/or reducing the overall development budget of the project. The approved plan includes six phases and the BCC requested a presentation at the end of each phase. SPPRE completed Phase I and II simultaneously and will present on both phases.

Below is the scope for both phases:

**Phase I: Complete Pre-Development Analysis/Evaluation of Five Points Area**

1. Analyze all recently completed reports, budgets, development regulations and master plans related to the development/redevelopment of the Five Points Area, specifically the ZHA Five Points Government Center Land Use Master Plan, the US 17-92 CRA 2006 Strategy, the Seminole Community College Master Plan, HKS Space Needs Assessment (2005) and the Bentley Master Growth Plan Study (2003) to gain an understanding of concerns such as, but not limited to:

- 17-92 CRA projects affecting area
- Zoning and land use

- Demographics and growth projections
  - Existing layout of the site
  - County operations presently located at site
  - Recent and programmed public investment in the site (since 1995)
  - Recent and programmed public investment in the general area (since 1995)
  - Utilities and utility providers
  - Overall development pattern
  - Transportation and mobility in, out and through the site
2. Complete a half day Project Kick-off worksession with Seminole County officials/staff to:
- Discuss the goals and specific objectives of the project
  - Discuss the specifics of the site
  - Gain an understanding of the land uses involved with the project
  - Gain an understanding of the stakeholders involved, both public and private
  - Discuss and evaluate previous planning efforts
  - Obtain historical and/or site specific information on the area
  - Gain insight into the political impacts of the project
  - Gain an understanding of the rationale for the project
  - Develop a draft of the “Guiding Principles” for the project
3. Identify and coordinate with key landowners adjacent to the Five Points area:
- Discuss goals and specific objectives of the project
  - Gain an understanding of proposed development plans for adjacent properties
  - Assess opportunities for expansion of site
4. Prepare a summary of the work session described in Task 2
5. Prepare a findings report to be presented to the Board of County Commissioners

Phase II: Finalization of a master land development plan for the Five Points Government Center area and define total development budgets for implementation of the plan

1. Coordinate with the previous consultants (ZHA and Glatting Jackson) to fully understand the basis for the preliminary land development plan
2. If economically and fiscally advantageous to the County, develop alternative land development plans for the area
3. Identify and define acreage available for non government use

4. Confirm appropriateness of mix, intensity and location of proposed land uses to achieve financial objectives
5. Develop complete cost estimates for the implementation of the finalized land development master plan
6. Determine and identify cost responsibilities of public and private development interests
7. Complete a project review session with County staff
8. Prepare written summary of Phase II activities
9. Prepare a findings report to be presented to the Board of County Commissioners

SPPRE has commenced work on Phases III and IV. The scope of these phases include the following:

Phase III: Assess the financial leveraging capacities and overall economic value of the real estate assets owned by the Seminole County Board of County Commissioners

1. Prioritize the County's major real estate assets in order of end use market value
2. Develop strategies for the reuse and/or disposition of the prioritized real estate assets
3. Integrate the financial strategies towards the elements of the finalized land development plan

Phase IV: Prepare a strategic financial plan that provides for the implementation of the land development plan

1. Complete financial models, including a financial sensitivity analysis for the non-government/commercial development proposed for the site
2. Complete a revenue projection analysis (property and sales) to include all of the various components of the project
3. Determine the amount of public debt that can be supported by the revenues generated by the proposed project
4. Complete a project review session with County staff
5. Prepare summary of Phase 3 activities

Staff has requested that SPPRE discontinue work on Phases III through VI until completing this presentation and receiving comments from the BCC.

Attached is a copy of the presentation.

**STAFF RECOMMENDATION:**

The Consultant, Stainback Public Private Real Estate (SPPRE), is providing an update to the Board on Phases I and II to RFP600106-06/TLR Finance and Development Services for the Five Points Government Center. Staff is requesting comments on the presentation of Phases I and II and further direction on the remaining phases (III through VI).

**ATTACHMENTS:**

1. Presentation Phase I & II

|   |
|---|
| <b>Additionally Reviewed By:</b><br>No additional reviews |
|---|



**Non-Tax Income and Tax Revenue From the  
Commercial Development of Underutilized  
County-Owned Land**  
**Seminole County Board of County Commissioners**  
*September 11, 2007*



# Presentation Overview

- Section 1: The Concept and the FPGC Site
- Section 2: Generate Income for County and Provide Complimentary Land Uses at FPGC
- Section 3: SPPRE Objectives for the County
- Section 4: Scope of Work Completed as of August 25, 2007
- Section 5: Market Demand Overview
- Section 6: Commercial Development at the FPGC
- Section 7: Analysis of County Real Estate Portfolio
- Section 8: County-owned Land in the City of Sanford
- Section 9: Summary of Financial Analyses
- Section 10: Next Major Tasks to be Completed

# **Section 1**

## **The Concept and the FPGC Site**

# The Concept and the FPGC Site

- Concept: Generate Non-Tax Income and Tax Revenue from underutilized land owned by Seminole County
- Provide on-site complimentary building uses for FPGC employees

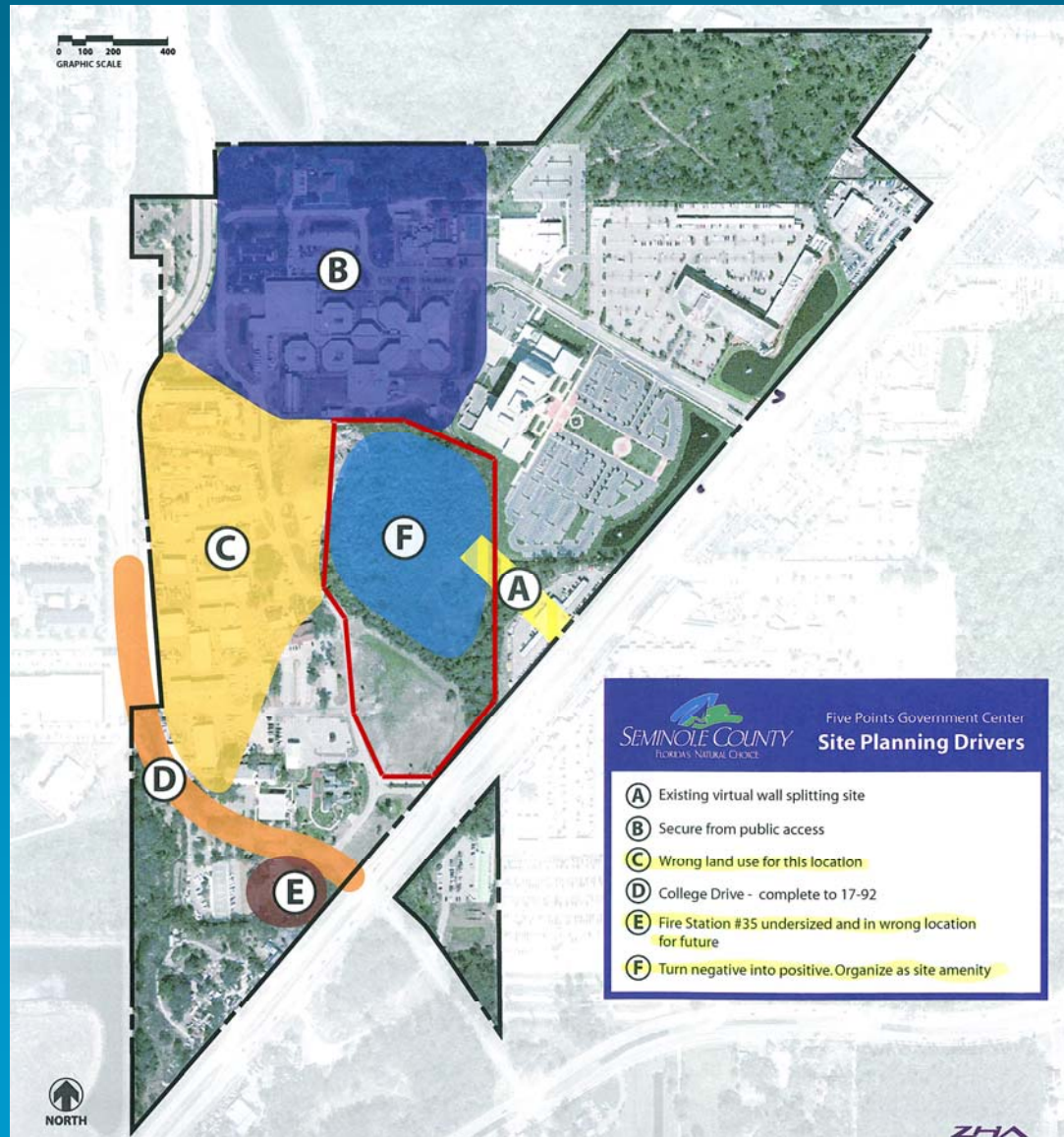
# Site Location

The map shows an aerial view of the Five Points Government Center site. The site is outlined in black and divided into several colored regions: a large blue area at the top (B), a yellow area on the left (C), a red-outlined area in the center (F), and a small yellow area at the bottom right (A). An orange area (D) is located along the bottom edge, and a brown area (E) is at the bottom left. A scale bar at the top left indicates 0, 100, 200, and 400 feet. A north arrow is at the bottom left. The ZHA logo is at the bottom right.

**SEMINOLE COUNTY**  
FLORIDA'S NATURAL CHOICE

Five Points Government Center  
**Site Planning Drivers**

- (A) Existing virtual wall splitting site
- (B) Secure from public access
- (C) Wrong land use for this location
- (D) College Drive - complete to 17-92
- (E) Fire Station #35 undersized and in wrong location for future
- (F) Turn negative into positive. Organize as site amenity



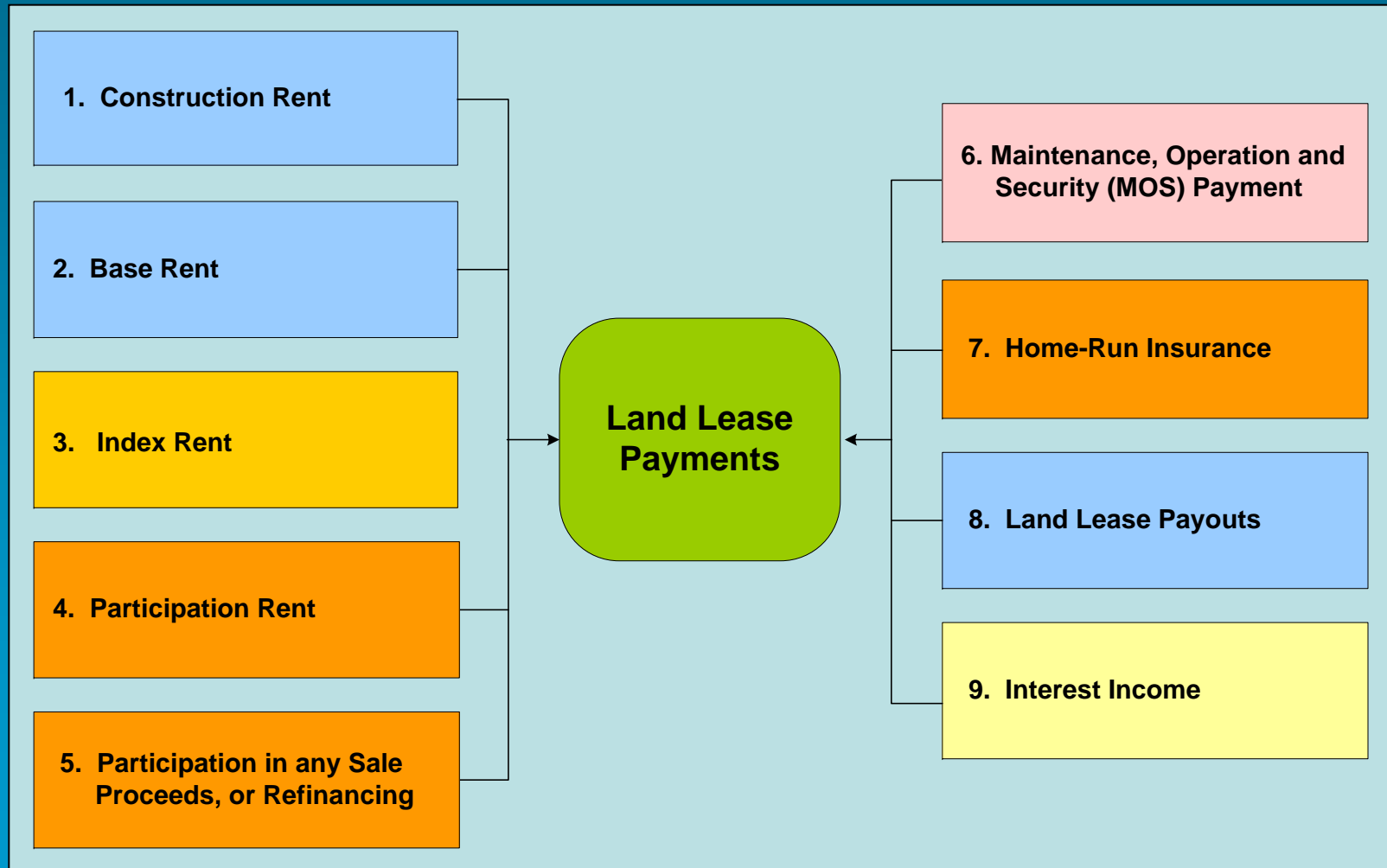
## **Section 2**

**Generate Income for County and  
Provide Complimentary Land Uses  
at FPGC**

## **Generate Income for County and Provide Complimentary Land Uses at FPGC**

- Structure Public/Private Partnership between county and a competitively-selected developer
- Structure Land Lease with developer (County retains ownership)
- Use land lease income to finance needed County facilities
- Use Property Tax Increment generated by commercial development to finance needed County facilities.

# 9 Types of Land Lease Payments to Public Partners



# **Section 3**

## **SPPRE Objectives for the County**

# SPPRE Objectives for the County

- Develop service retail space, dining facilities and a hotel/conference center to support County officials and employees working at the FPGC.
- Develop office space for private companies that want to be near the County government center.
- Leverage the non-tax income and tax increment generated by the retail/office/hotel development to help the County finance needed county facilities and improvements.

# SPPRE Objectives for the County

- Estimate non-tax income and tax revenue generated by the commercial development of selected sites included in the County's real estate portfolio. For BCC to better understand the enormous new income stream, which could result from proactively managing their real estate portfolio.
- Provide the County with Approval Rights to control the design, finance, development and construction of the commercial development of County-owned land.
- Provide the County with Financial and Development Safeguards to protect them from developer "downside".

**Section 4**  
**Scope of Work Completed as of**  
**August 25, 2007**

# Current Project Status as of August 25, 2007

|                |  | <u>Completed</u> | <u>Remaining</u> |
|----------------|--|------------------|------------------|
| <b>Phase 1</b> | Pre-Development Analysis/Evaluation of Five Point Area           | 100%             | 0%               |
| <b>Phase 2</b> | Finalization of Master Plan and Define Total Development Budgets | 80%              | 20%              |
| <b>Phase 3</b> | Assess Financial Leverage Capacities and Real Estate Value       | 60%              | 40%              |
| <b>Phase 4</b> | Prepare Strategic Financial Plan to Implement Development Plan   | 50%              | 50%              |
| <b>Phase 5</b> | Develop Alternative Public/Private Finance Plan                  | 0%               | 100%             |
| <b>Phase 6</b> | Develop "Next Step" report for BCC                               | 0%               | 100%             |

# Major Deliverables Completed

- Prepared for and completed “Kick-off” meeting with County staff
- Completed two master plans for commercial development at FPGC
- Completed preliminary financial analysis of commercial development at FPGC
- Completed analysis of County-owned real estate portfolio
- Completed preliminary financial analysis of priority properties

# **Section 5**

## **Market Demand Overview**

# Seminole County Development Market

## Orlando:

The County's population will increase by 67% from 1990 to 2007.

Projected population in Central Florida in 2050: 7.2 million

Projected population in Seminole County in 2050: 850,000  
(Current population: 420,667).

Source: Seminole County

## Overall market:

Market is being driven by "steady population and employment growth"

Employment forecast: 23,700 new jobs in 2007

Retail rent forecast: Tenant demand remains strong and will support healthy rent growth in 2007

Investment forecast: Seminole county is singled out to be one of the best markets, because:

- more economically diverse
- attracting an increasing number of higher-income households

Source: Marcus & Millichap

# Orlando Rental Rates

## Grubb & Ellis Summer 2007 Market Analysis Confirms SPPRE Rental Rates

|                         | Rental Rate (NNN) |              |
|-------------------------|-------------------|--------------|
|                         | 2007 dollars      | 2009 dollars |
| Retail Space in Orlando | \$25.75           | \$28.11      |
| Office Space in Orlando | \$22.97           | \$25.08      |

# Market Overview

## Marcus & Millichap 2<sup>nd</sup> Quarter 2007 Report Confirms SPPRE Assumptions

### Orlando Hotel Market:

- ADR in February 2007: \$112
- ADRs are projected to increase by 5.7% in the near future

### Orlando Office Market:

- Projected new jobs in 2007: 7,400
- Vacancy rate: 9.7%
- Cap rates: 7.1% to 8.1%% (Class A space: mid-to-high 6%)

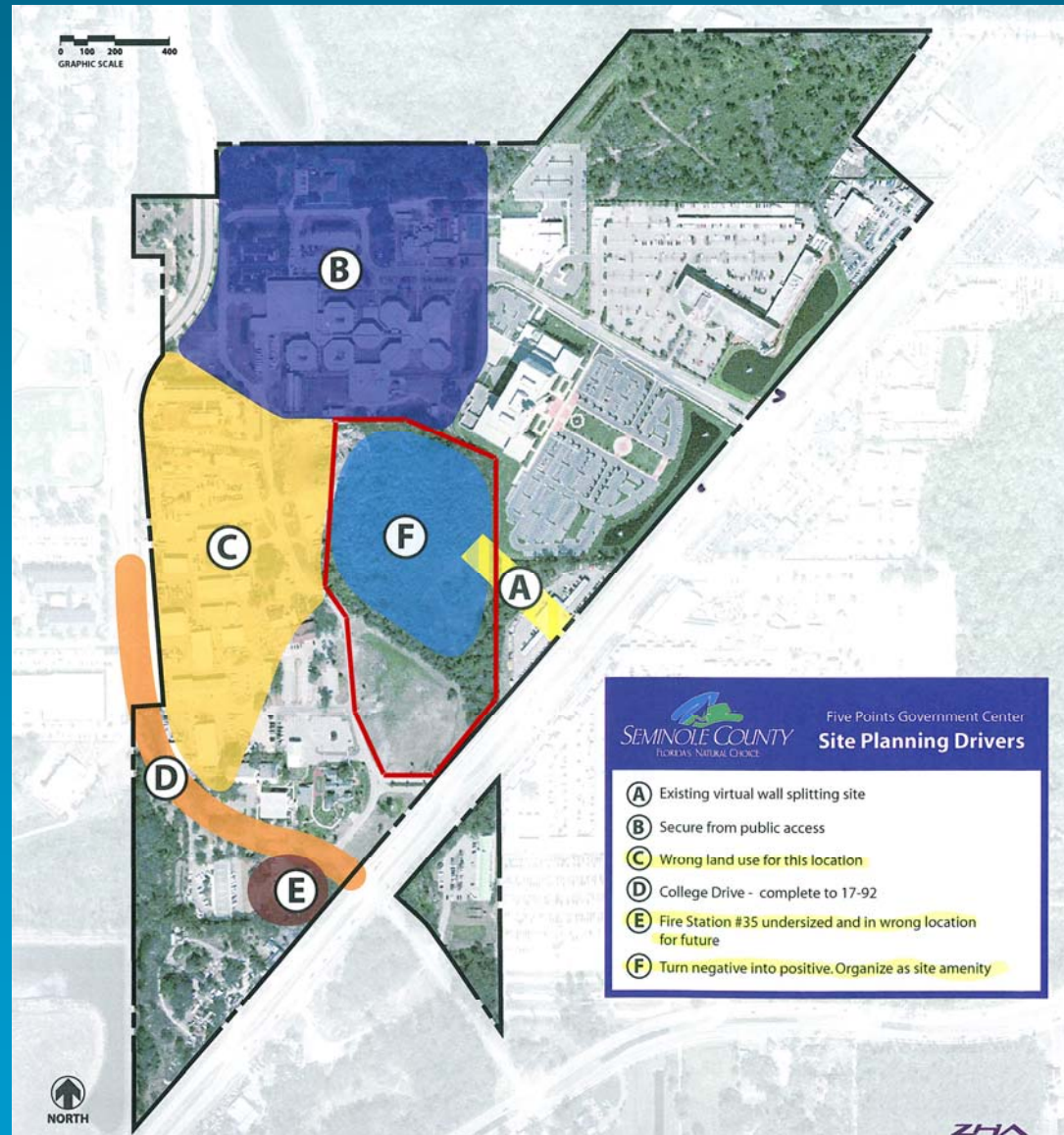
### Orlando Retail Market:

- "Healthy long-term economic forecasts are stimulating retailer demand for new space"
- Construction in 2007: 2.4 million SF (up 33% from 2006)
- LTV: 70% to 80%
- Cap rates: Mid-7% range

# **Section 5**

## **Commercial Development at the FPGC**

# Site Location



# Master Plan Concepts



SEMINOLE COUNTY

Seminole County  
Five Points Government Center  
Scenario 1

June 13, 2007



# Building Program

## Scenario 1:

|                    |                   |
|--------------------|-------------------|
| Retail Space:      | 85,742 SF         |
| Office Space:      | 49,949 SF         |
| Hotel:             | 112,000 SF        |
| Conference Center: | 28,581 SF         |
| Garage:            | <u>131,742 SF</u> |
| Total:             | <b>408,294 SF</b> |

# Master Plan Concepts



SEMINOLE COUNTY

Seminole County  
Five Points Government Center  
Scenario 2

August 3, 2007



# Building Program

## Scenario 2:

|                    |                   |
|--------------------|-------------------|
| Retail Space:      | 52,477 SF         |
| Office Space:      | 228,178 SF        |
| Hotel:             | 112,000 SF        |
| Conference Center: | 32,293 SF         |
| Garages:           | <u>382,169 SF</u> |
| Total:             | <b>807,337 SF</b> |

# Developer Proformas Prepared by SPPRE

## Scenario 1: 408,294 SF

|                            |              |
|----------------------------|--------------|
| TDB:                       | \$35,086,703 |
| Blended ROC for Developer: | 9.5%         |
| Blended ROI for Developer: | 20.06%       |

## Land Lease and Tax Revenue Analysis

|   |              |
|---|--------------|
| Land Lease Base Rent Paid to County         | \$1,327,545  |
| Future Value<br>(25 yrs/1% annual increase) | \$37,494,131 |
| Land-Lease Backed Revenue Bond              | \$14,142,000 |

# Scenario 1: Tax Revenue Analysis

|   |               |
|---|---------------|
| Annual Property Tax   | \$5,864,967   |
| Future Value<br>(25 yrs/2.25% annual increase)                  | \$193,041,135 |
| TIF-Backed Revenue Bond   | \$33,212,861  |
| Future Value Sales Tax  | \$64,415,117  |
| Future Value Hotel Occupancy Tax<br>(25 yrs/1% annual increase) | \$13,041,134  |

# Scenario 1: Developer Proforma *(cont.)*

Development Scenario 1: 408,294 SF

## Summary Financial Analysis

Future Value of Land Lease

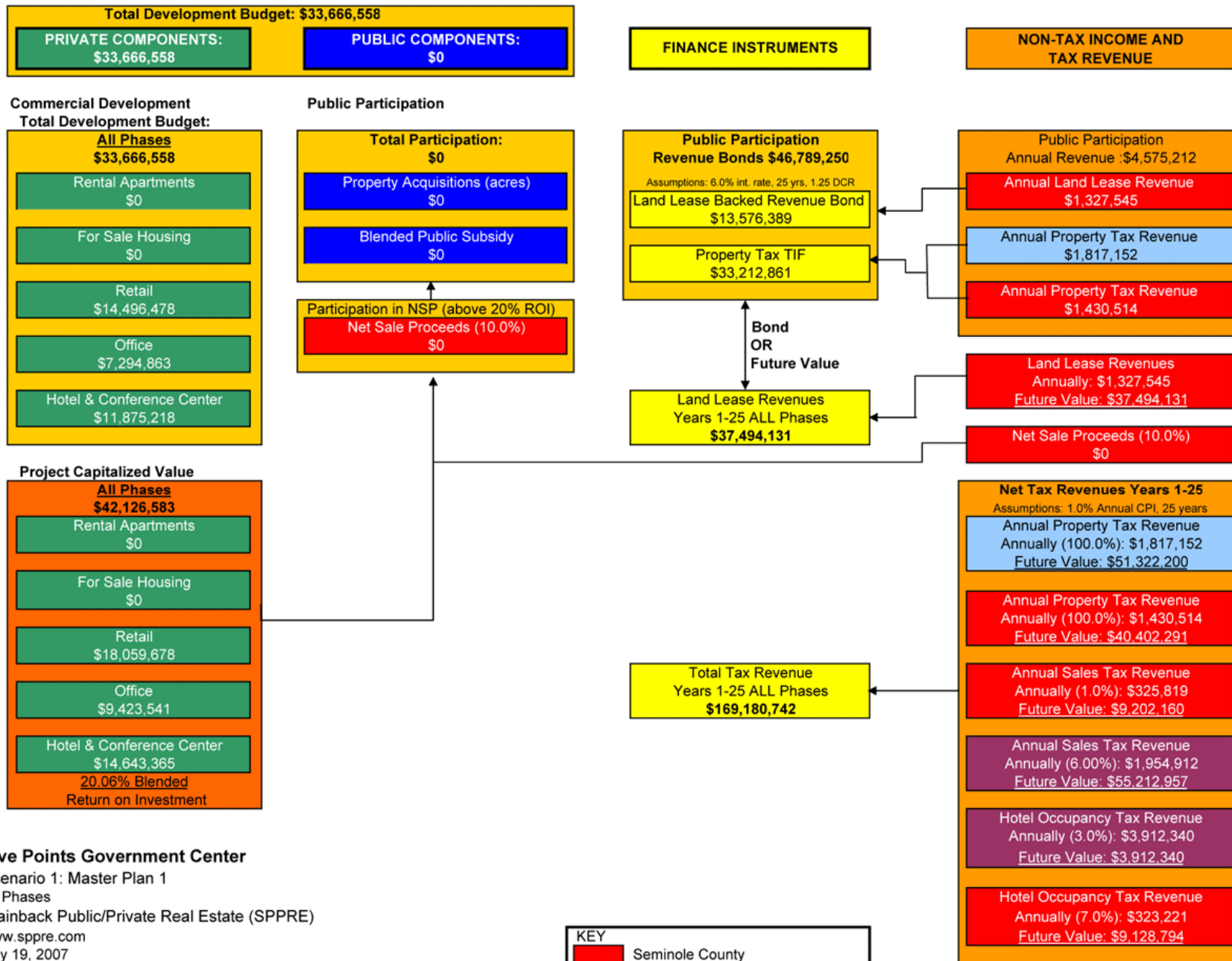
and Tax Revenue:

\$307,991,517

Combined Revenue Bond:  
(supported by Land Lease and property tax)

\$47,444,861

## Public/Private Finance Diagram (Scenario 1: Master Plan 1)



# Scenario 2: Developer Proforma

## Scenario 2: 807,337 SF

|      |              |
|------|--------------|
| TDB: | \$60,209,805 |
|------|--------------|

|                            |       |
|----------------------------|-------|
| Blended ROC for Developer: | 9.65% |
|----------------------------|-------|

|                            |        |
|----------------------------|--------|
| Blended ROI for Developer: | 28.61% |
|----------------------------|--------|

## Land Lease and Tax Revenue Analysis

|                                     |             |
|-------------------------------------|-------------|
| Land Lease Base Rent Paid to County | \$1,342,247 |
|-------------------------------------|-------------|

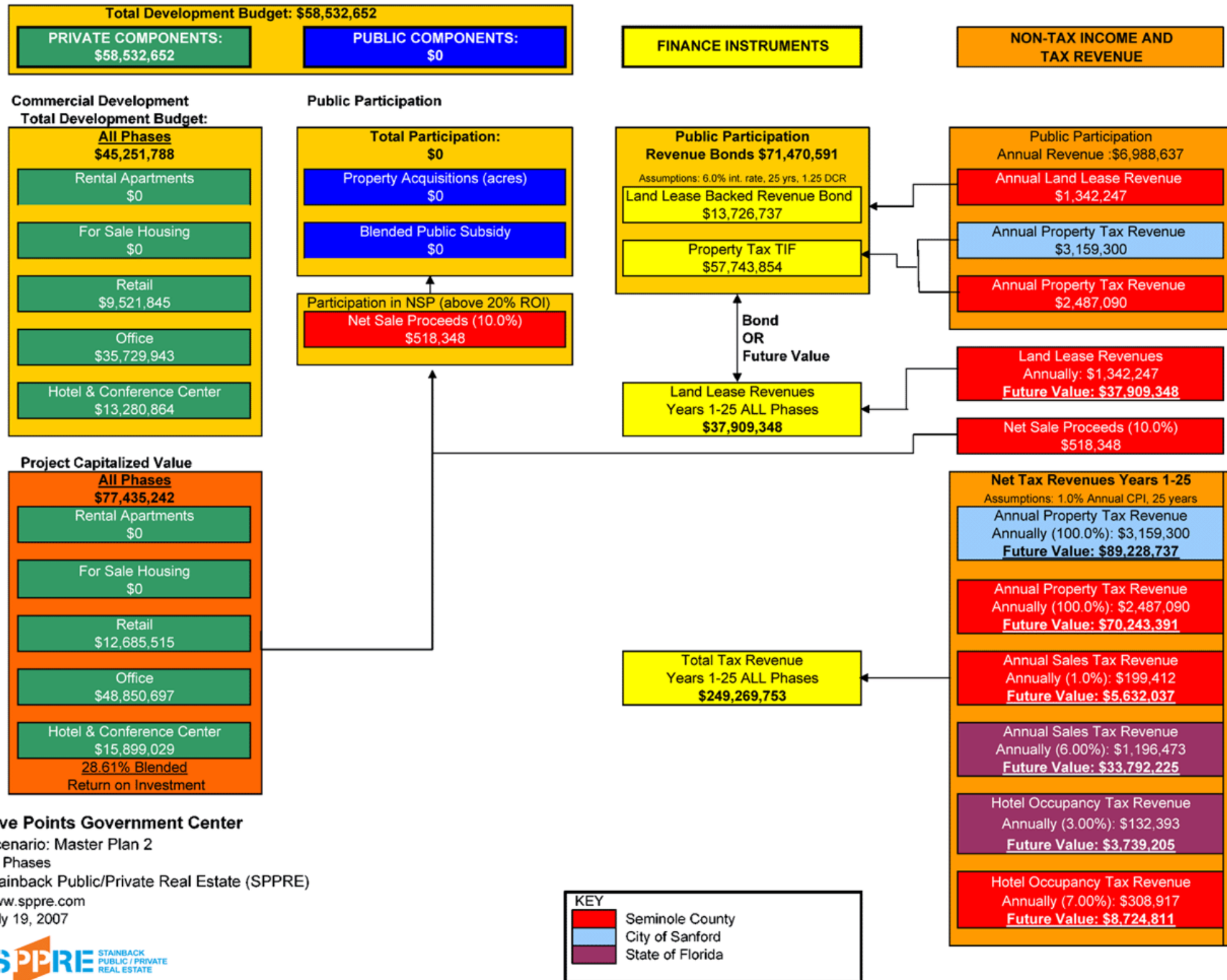
|   |              |
|---|--------------|
| Future Value<br>(25 yrs/1% annual increase) | \$37,909,348 |
|---|--------------|

|                                |              |
|--------------------------------|--------------|
| Land-Lease Backed Revenue Bond | \$14,142,000 |
|--------------------------------|--------------|

# Scenario 2: Tax Revenue Analysis

|   |               |
|---|---------------|
| Annual Property Tax   | \$10,196,827  |
| Future Value<br>(25 yrs/2.25% annual increase)                  | \$337,241,389 |
| TIF-Backed Revenue Bond   | \$57,743,854  |
| Future Value Sales Tax<br>(25 yrs/1% annual increase)           | \$39,424,262  |
| Future Value Hotel Occupancy Tax<br>(25 yrs/1% annual increase) | \$12,464,015  |

## Public/Private Finance Diagram (Scenario: Master Plan 2)



# Developer Proforma (cont.)

Scenario 2: 807,337 SF

Summary Financial Analysis

Future Value of Land Lease  
and Tax Revenue:

\$427,039,014

Combined Revenue Bond:

\$71,885,854

# **Section 6**

## **Analysis of County Real Estate Portfolio**

# Results of Analysis

- Number of Land Parcels in Portfolio: 1,184
- Number of categories: 20
- Number of categories eliminated from analysis: 12  
(711 properties)
- Number of categories analyzed: 8  
(473 properties)
- Number of land parcels identified as potential development sites: 58  
(13 sites)
- Net Number of sites after County review: 8  
(East Branch Library: 5.92 acres)  
(7 Sites in Sanford)

# Sites Recommended for Commercial Development

Seven County-owned parcels in the City of Sanford

Land area: 13.2 acres (574,992 SF)

# **Section 7**

## **County-Owned Land in the City of Sanford**

**Civil Courthouse**

North Park Avenue

Hood Avenue

**Court Facilities**

①

**State Attorney's  
Building**

②

East 1st Street

North Park Avenue

East 2nd Street



# GIS Map of Seminole County Properties Downtown Sanford

| Legend  |                 |
|---|-----------------|
|  | Semstr_new      |
|  | Water           |
|  | BCC_Land_JUN_07 |
|  | Parcel          |
|  | Water           |

Lake Monroe

HOOD  
COMMERCIAL  
Civil Courthouse  
Probation Office  
North Branch Library  
Old State Attorney's Bldg  
Parking Lot

PARK  
MAGNOLIA  
2ND  
PALMETTO  
SANFORD  
3RD  
PINE  
CYPRESS  
CHAPMAN  
LOCUST  
LAKE VIEW  
ROSE  
4TH

San Juan  
County Services Bldg  
SGTV Bldg  
SAN CARLOS  
MELLONVILLE  
SAN CARLOS  
SAN MARCOS  
Community Services Bldg  
Parking Lot  
BAY  
Mental Health Crisis Center  
Parking Lot

# Sanford Land Parcels

|                                       |                            |
|---------------------------------------|----------------------------|
| 1. Civil Courthouse/Court Facilities: | 3.2 acres                  |
| 2. State Attorney Building:           | 0.1 acres                  |
| 3. East First Street Parking Area:    | 1.0 acres                  |
| 4. SGTV:                              | 0.6 acres                  |
| 5. County Services Building:          | 5.7 acres                  |
| 6. South Parking Lot:                 | 1.2 acres                  |
| 7. Economic Development Bldg.:        | 0.3 acres                  |
| Total:                                | 13.2 acres<br>(574,992 SF) |

# Land Lease-Backed Revenue Bond

Land Cost: \$20/SF  
(\$871,200/acre)

Land Value: \$11,499,840

## Land Lease:

Annual Base Rent: \$1,100,000  
(Excludes 4 other types of payments)

Land Lease-Backed  
Revenue Bond: \$11,800,000  
(25 Yrs./5.5%/1.25)

Future Value: \$65,371,239  
(25 Yrs./1.0% annual)

# TIF-Backed Revenue Bond

|              |               |
|--------------|---------------|
| Sites:       | 13.2 acres    |
| FAR:         | 2.0           |
| Development: | 1,150,000 SF  |
| FMV:         | \$189,750,000 |

|   |                  |
|---|------------------|
| Property Tax Rate:                              | 19.684 (FY 2006) |
| Assessed Value:                                 | \$161,250,000    |
| Tax Increment:                                  | \$3,174,045      |
| Future Value:<br>(25 Yrs./1.0% annual)          | \$104,975,730    |
| TIF-Backed Revenue Bond:<br>(25 Yrs./6.0%/1.25) | \$32,459,958     |

# **Section 8**

## **Summary of Financial Analyses**

# Summary of Financial Analyses

## Commercial Development (Scenario 2) at FPGC

|  |               |
|--|---------------|
| Future Value of Land Lease and All-In Tax Revenue: | \$427,039,014 |
| Combined Revenue Bond:                             | \$71,885,854  |

## Sanford Properties

|  |               |
|--|---------------|
| Future Value of Land Lease and Property Tax Revenue: | \$170,346,969 |
| Combined Revenue Bond:                               | \$44,259,958  |

## Combined Scenario

|                                    |               |
|------------------------------------|---------------|
| Total Supportable Revenue Bond:    | \$116,145,812 |
| Total Future Value of Tax Revenue: | \$597,385,983 |

# Major Decisions for County

- Does County want to negotiate Inter-local agreements on tax allocation?
- Select County projects that need funding
- Complete a market demand study for development of Sanford properties
- Determine how much County office space is needed at FPGC

# **Section 9**

## **Next Major Tasks to be Completed**

# Next Major Tasks to be Completed

- Continue market demand analysis for commercial development at FPGC
- Develop a Public/Private Finance Plan for County selected projects
- Develop alternative investment and development scenarios for selected projects
- Complete an Action Plan for:
  - Commercial development at FPGC
  - Commercial development at Sanford
  - County projects
- Complete the Final Financial Engineering Diagram